

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE EFFECTS OF THE FEDERAL TAX)
REFORM ACT OF 1986 ON THE RATES OF) CASE NO. 9798
CINCINNATI BELL TELEPHONE COMPANY)

O R D E R

On July 10, 1987, Cincinnati Bell Telephone Company ("Cincinnati Bell") filed an application requesting approval of accelerated amortization of its remaining Kentucky intrastate investment in Account No. 232, Station Connections (Inside Wire). Cincinnati Bell requested that its investment in Inside Wire be amortized over a 24-month period, from July, 1987, through June, 1989. A similar application regarding Cincinnati Bell's interstate investment in Inside Wire has been approved by the Federal Communications Commission contingent upon this Commission and the Ohio Commission giving like approval.

On June 11, 1987, the Commission approved, for Cincinnati Bell's Kentucky jurisdictional customers, the rates approved by the Ohio Commission in Case No. 87-639-TP-ATA. Those rates reflected, among other things, the change in Cincinnati Bell's revenue requirement resulting from the accelerated amortization for which approval has been requested herein.

The Commission on its own motion hereby reopens Case No. 9798 for the purpose of clarifying this issue. As stated in its Order of June 11, 1987, the Commission approved the rates requested

therein for the purpose of maintaining consistency and uniformity of rates within the Cincinnati Metropolitan Service Area ("CMSA"). By granting such approval, the Commission accepted the decision of the Ohio Commission on the issues presented in Case No. 87-639-TP-ATA. This acceptance was not based on the merits of the issues presented before the Ohio Commission but rested solely on the benefits of maintaining rate uniformity within the CMSA.

Therefore, by accepting the Ohio Commission's decisions for the purpose of maintaining rate uniformity, the Commission has accepted the decision of the Ohio Commission on the accounting issues decided in Case No. 87-639-TP-ATA as regards the accelerated amortization of Cincinnati Bell's intrastate investment in Inside Wire.

SUMMARY

The Commission, based on the evidence of record and being advised, is of the opinion and finds that:

1. For the purpose of maintaining consistency and uniformity of rates it accepted the decision of the Ohio Commission in Case No. 87-639-TP-ATA regarding the rates of Cincinnati Bell.

2. By accepting the decision of the Ohio Commission regarding Cincinnati Bell's rates, the Commission also accepted the Ohio Commission's decision on the accelerated amortization of Cincinnati Bell's intrastate investment in Inside Wire.

3. The maintenance of consistency and uniformity of rates is sufficient good cause for the Commission to grant a deviation from particular requirements of 807 KAR 5:064.

IT IS THEREFORE ORDERED that:

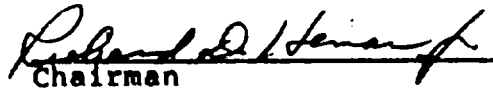
1. Cincinnati Bell is granted a deviation from 807 KAR 5:064 so that uniformity of rates is maintained within the CMSA.

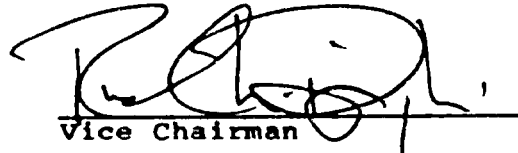
2. Cincinnati Bell shall amortize its Kentucky intrastate investment in Inside Wire over a period of 24-months beginning in July, 1987, and continuing through June, 1989, in a manner consistent with the amortization of its Ohio investment in Inside Wire.

3. The approval granted herein is entirely dependent upon similar approval by the Ohio Commission. Should the approval by the Ohio Commission be rescinded, the approval by this Commission shall be null and void.

Done at Frankfort, Kentucky, this 13th day of August, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director